

MEETING MINUTES
Finance Committee
Wednesday, September 29, 2010

CALL TO ORDER

Time – 7:00 P.M.

Members in attendance: Chairman Joanne F. Marden, Mary O'Donoghue, S. Jon Stumpf, Cindy Milne, Richard T. Howe, Mark Merritt, Paul Fortier, Stephen Stapinski and Peggy Kruse.

Also present: Finance Director Anthony Torrisi and Town Accountant Rodney Smith.

MEETING MINUTES

The Tri-Board minutes of June 16, 2010 were moved and seconded for approval. The motion passed unanimously with corrections 8-0.

The Finance Committee minutes of June 16, 2010 were moved and seconded for approval. The motion passed unanimously 8-0.

The Finance Committee minutes of July 12, 2010 were moved and seconded for approval. The motion passed with two abstentions 6-0.

FY10 END OF YEAR FINANCIALS

Mr. Smith summarized the Town's financial position through June 30, 2010:
General Fund – Local receipts closed with a surplus of approximately \$502,000. Bond premium income of \$393,000 which appeared in the other departments' revenue line. Real estate taxes continued to show strength with a rate of 99.1%.

Mr. Smith reported that Free Cash in the amount of \$1,609,894 had recently been certified noting that this number reflected a \$7,023 increase over the 2009 certification. Mr. Smith praised all of the departments for working toward solving the budget crisis of FY2010 adding that if not for their efforts the Free Cash number would most likely have been lower.

There was a brief discussion regarding the possible use of one-time revenue such as the Bond premium. Mr. Torrisi stated that in general, local receipts must be treated as General Fund revenue adding that Town Meeting has the ability to appropriate from Free Cash.

Other budget items discussed included Hotel/Motel revenues being on target while Meals Tax revenues were lagging due to restaurant collections not being received in a timely manner.

Mr. Smith informed committee members that in June he met with Powers and Sullivan auditors. He explained how hiring costs were reduced by working with the existing partner for the first two years then changing to another for the third year. Committee members commended Mr. Smith for this action.

CD&P REVOLVING ACCOUNT

A memo written by Board of Health Director Tom Carbone, dated July 15, 2010 requesting raising the existing spending limit of \$110,000. to \$135, 000. was distributed for review. As noted in the memo, this request was due to the increased number of peer reviews required for projects in both the Planning and Conservation Divisions. Lengthy discussion followed. Mr. Stapinski offered his opinion that some divisions within Community Development and Planning were not following bid laws noting that some Peer Reviews are needless. Mr. Stapinski offered one reason for exceeding the \$110,000 limit was due to the use of Peer Review for smaller projects intended for larger projects. Additionally, he stated that plans should be reviewed in-house rather than sending them out to consultants. Other committee members questioned whether or not some sort of oversight might be necessary for departmental revolving accounts. Mr. Smith gave assurances that he would focus on the Committees' concerns regarding the Town's revolving accounts in the future.

Dick Howe moved and Jon Stumpf seconded to recommend approval to increase the spending limit of the CD&P Revolving Account to \$135,000. After a brief discussion the motion was withdrawn with the understanding that in the future, the Finance Committee should be notified earlier of financial requests submitted by departments.

UPDATES AND LIAISON REPORTS

BANCROFT SCHOOL

Mary O'Donoghue gave an update on the progress of the new Bancroft School Project. Ms. O'Donoghue noted that plans and specifications were to be submitted to the MSBA this week and brought before the residents at a Special Town Meeting scheduled for December 6, 2010. Additionally, that the project would completed in two years with a 2011 Fall construction start and open in July 2014 for a new student population. Other statistics noted included the total gross cost of the project to be \$45M with 40% to 45% reimbursable. The \$45M price expected to be reduced in the coming months. Ms. O'Donoghue answered questions regarding access issues by stating that these concerns were being addressed with abutters noting that the process was going well. She noted that this project will be presented to residents on October 12th at the Memorial Hall Library.

At 9:05 P.M. Ms. Kruse arrived.

TOWN YARD

Ms. Kruse gave an update on the Town Yard Task Force. Advantages and disadvantages of three options were discussed at length. The three options included 1) Doing nothing, 2) Rebuild at current Town Yard sites, and 3) Move Town Yard to Dascomb Road site. Responding to questions put forth by committee members, Ms. Kruse stated that Brockway Smith was not interested in subdividing its property for sale to Andover but that an option being explored would be for Andover to find another buyer to enter into the deal with. Committee members asked for the debt amount and payment schedule noting that these numbers were necessary to bring to Town Meeting. Consensus was reached that the Finance Committee should not be a part of the selection process but rather, that it is the job of the Town Yard Task Force to investigate all options then to submit a plan for approval.

RETIREMENT FUNDING SCHEDULE

Mr. Torrasi gave an update on the Retirement System Schedule. Committee members questioned an 8% investment return as noted in the schedule. Mr. Smith and Mr. Torrasi gave a lengthy explanation on the methods used for calculating the investment percentages. In addition, it was noted that various percentage rates are paid by employees toward their retirement due to varied employee start dates. Subsequent to discussing retirement fund formulas for employees, it was also noted that in cases where the employee pays a higher percentage rate, that he or she is nearly paying for their own retirement. Mr. Smith assured committee members that all decisions relative to an employee's retirement are made by the Retirement Board under legal direction. He added that the Retirement Board is audited by the State (PERAC).

CAPITAL IMPROVEMENT PLAN ISSUES

Mr. Torrasi asked the Committee for their input on budget items State Aid and CIP acknowledging that it was early in the process. He noted that 5-year projections had been released. Mr. Torrasi stated that he would use the current New Growth number of \$1.1M and added the State Aid number was expected to be cut by approximately \$1M. After briefly discussing budget options for Local Aid, committee members advised Mr. Torrasi to reduce the number down from the previous year citing the projected poor economy as the reason.

There was a brief discussion regarding the 2% goal of General Fund Revenue for CIP projects. It was noted that the 2% goal had not been reached for the past three years. All agreed that whatever percentage was selected, that it should cover basic CIP needs. Committee members agreed to advise Mr. Torrasi to maintain the 2% figure.

Mr. Merritt informed committee members that he requested the Town Manager to submit proposals for each of the five years of the CIP adding that General Fund borrowing totaled to a considerable amount of money when large projects are delayed. He noted that the Town Manager agreed to consider his request.

OTHER BUSINESS

ATFC Annual Meeting – Saturday, October 23rd at Franklin

NEXT MEETING

Finance Committee
Wednesday, October 20, 2010
1st Floor CD&P Conference Room
7:00 P.M.

Finance Committee
Wednesday, November 10, 2010
2nd Floor Conference Room
7:00 P.M.

NEXT MEETING (cont.)

Finance Committee
Wednesday, December 1, 2010
3rd Floor Selectmen's Conference Room
7:00 P.M.

ADJOURNMENT – 10:20 P.M.

Respectfully Submitted,
Carolyn Lynch
Recording Secretary